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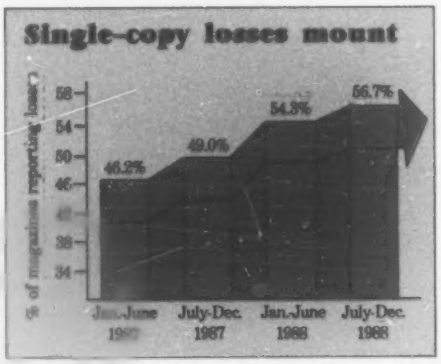

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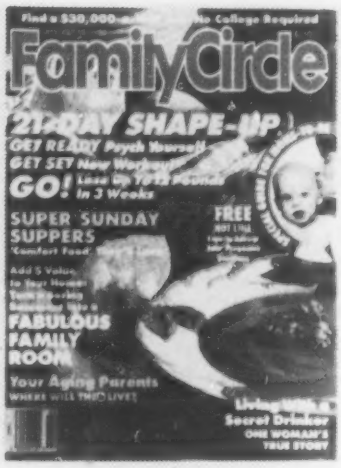

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UPDATE

Newsstand sales continue to slide

57% report drop in second half '88

New York City—There's little doubt as to the decade's most dramatic circulation trend: the fall of newsstand sales.

"The newsstand numbers are frightening," consultant E. Daniel Capell told a gathering of circulators earlier this year. "The decline is across the board, in all categories and sizes of magazines." During the past five years, he noted, unit sales of consumer magazines have declined 16 percent.

The second half of 1988 produced more of the same, according to a FOLIO: analysis of the Audit Bureau of Circulations' biannual Fas-Fax report. Of the 413 consumer titles reporting single-copy sales, only 179, or 43.3 percent, noted increases over the second half of 1987. (Still, the total number of copies sold—79.3 million—remained virtually the same.) This percentage of newsstand gainers has consistently declined since the first half of 1987.

"It's not that our magazines are becoming less attractive to consumers," notes Don Kummerfeld, president of the Magazine Publishers of America. "It's that less and less space is devoted to newsstand sales. We're getting more competition for that space from greeting cards, books and the like."

Still, in subscription sales, 296 magazines, or 68.2 percent, posted gains. About 244.6 million subscription copies were sold, up from 239 million the previous year.

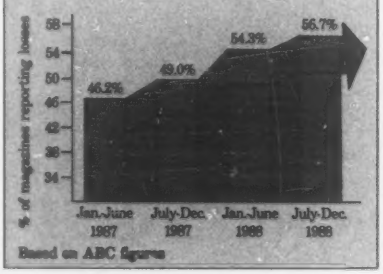
In total, 62.4 percent gained in overall circulation—roughly the same level as in the past few years.

Top consumer titles by total circulation
Second half 1988

Modern Maturity	19,301,820
Reader's Digest	16,452,422
TV Guide	16,302,705
National Geographic	10,574,562
Better Homes and Gardens	8,143,083
Family Circle	5,922,530
Woman's Day	5,571,573
Good Housekeeping	5,217,147
McCall's	5,142,463
Ladies' Home Journal	5,086,714

Once the undisputed leader, TV Guide ***has been bumped to third place, while*** Modern Maturity ***fast approaches 20 million circulation.***

Single-copy losses mount



No end in sight for the continuing slide of single-copy sales, although subscription gains add a bright note.

AARP title increases lead

Modern Maturity, distributed to members of the American Association of Retired People (AARP), maintained the top spot acquired in the first half,

(CONTINUED ON PAGE 34)

McGraw-Hill fattens network

As ad dollars fade, McGraw-Hill looks to outside publications

New York City—McGraw-Hill is courting publications from other companies in order to draw new advertisers to its own diminished network of specialized business magazines.

When McGraw-Hill sold eight business titles in 1987-88, wary advertisers began pulling out of the network, taking 50 percent of the ad revenue with them. As a result, management opened the network to outside publishing companies in January; by March, it had more than tripled in size.

"It's brought back a major advertiser that left because of uncertainty," says David Metz, general manager of the management network, "and hung onto others who were nervous about what was going on here." Major advertisers include IBM and TWA.

Northwest Airlines, which had left the network, has since returned. "By the time [McGraw-Hill] finished selling [magazines], the network we were left with wasn't the one we purchased," says Don Morrison, associate media director for Saatchi & Saatchi Advertising, which handles the account. "[McGraw-Hill] agreed with us. They worked hard. They knew what the client's needs were. . . We were only too happy to go back into the network."

Metz, he says, expanded the net-

Newsstand sales fall

(CONTINUED FROM PAGE 21)

with 19,301,820 readers. Number two, *Reader's Digest*, lagged far behind at 16,452,422, followed by former leader *TV Guide* with 16,302,705.

TV Guide, however, is still the best seller on the newsstands, with per-issue sales of 7,475,000. Other check-out favorites continued to dominate single-copy sales: *Woman's Day* at 5,448,442, *Family Circle* at 4,376,658, *National Enquirer* at 3,830,095, and *Star* at 3,254,988.

Soap Opera Digest managed the greatest unit increase in newsstand sales—130,240 copies, to 857,357. Runner-up *Prevention* boosted its newsstand total by 103,010, to 323,619.

Apart from *Modern Maturity*'s gargantuan increase of 2,567,019 copies, *Family Circle* logged the best subscription gain—just under 400,000 copies. *Playboy* lifted its subscription sales by 275,048.

Video Marketplace doubled circulation to 127,885 to post the highest gain in overall sales. Other leading percentage gainers include *Parenting*, up 65.6 percent; *Utne Reader*, up 56.1 percent; *Guns*, up 49.0 percent; and *Golf Illustrated*, up 40.1 percent.

Fashion loses favor

The second half of 1988 was not kind to fashion titles. The top five—*Vogue*, *Glamour*, *Harper's Bazaar*, *Mademoiselle* and *Elle*—all declined in overall circulation.

Meanwhile, three of the seven sisters had modest overall gains: *Family Circle*, up 2.6 percent; *Better Homes and Gardens*, up 1.6 percent; and *Good Housekeeping*, up 0.3 percent. But *Woman's Day* and *Family Circle* achieved impressive subscriber gains.

Business magazines *Forbes*, *Fortune* and *Business Week*, were all up slightly in circulation. Also posting gains were *The Economist*, up 8.9 percent; *Entrepreneur*, up 39.4 percent; *Financial World*, up 28 percent; and *Sylvia Porter's Personal Finance Magazine*, up 25.1 percent.

But the picture was less sanguine for *Barron's*, down 16.3 percent, and *Changing Times*, down 24.2 percent.

Faring particularly well in general interest were *American Heritage*, up 12.8 percent; *Rolling Stone*, up 8.2 percent, and *Vanity Fair*, up 9.5 percent. *Smithsonian* boosted single-copy sales by 33.9 percent. But *National Enquirer* was down 3.2 percent, and *Reader's Digest* was down 0.7 percent.

Regional titles' circulation varied widely. *Detroit Monthly*, for example, increased overall circulation by 24.9 percent, while *Texas Monthly*'s circulation dropped 10.3 percent.

Only three of eight major shelter titles raised circulation: *Colonial Homes*, up 0.9 percent; *Country Living*, up 7.7 percent; and *House Beautiful*, up 6.3 percent.

Perhaps the healthiest circulation belonged to health magazines. *American Health* was up 7.1 percent, *Health*, 0.1 percent, *Prevention* 9.0 percent, *Shape* 2.6 percent, and *Hippocrates*, 17.9 percent.—*M.G.*

Are single-copy sales worth it?

New York City—"The issue of the 1990s will not be 'How do I reverse the newsstand sales decline for my magazine?' but 'Do I want to fight the battle at all?' " said circulation consultant E. Daniel Capell.

Forecasting the next decade's circulation trends, Capell pointed out that publishers will face rising costs of paper, printing and distribution, along with declining sales efficiency.

"We might see the day in the decade ahead when a significant number of traditional newsstand outlets become subscription vendors," he said.

How bad is the state of single-copy sales?

- In 10 years, single-copy sales dropped from 34 percent of audited circulation to 24 percent.
- *Family Circle, Penthouse, Woman's Day, TV Guide* and *Playboy* each lost one million sales per issue since 1982.
- Magazines with a moderate draw—250,000 to 500,000 copies per issue—have suffered a 26 percent sales loss since 1984.
- In the past five years, sell-through, excluding the top five sellers, has declined nine percentage points to 46.8 percent.
- Magazines that cut their draw by an average of 18 percent lost almost 30 percent of their average sale.
- *TV Guide, Family Circle* and *Woman's Day* account for almost 30 percent of total industry sales volume. The top 20 sellers represent over 70 percent of all single-copy sales.

"Wholesalers' and national distributors' energies have become increasingly concentrated on the handful of titles that produce most of their income," said Capell.—*M.G.*

Time/Warner merger

(CONTINUED FROM PAGE 22)

the two companies' distribution services, says single-copy consultant Ron Scott. Warner Publishing Services, he points out, distributes hundreds of titles owned by other companies; Time Distributor Services, a joint venture with *The New York Times*, distributes only titles published by the two partners. "It would be a complex and tricky merger," he says. Besides the differences in techniques, he says, the two may well handle rival publications.

On the positive side, the creation of the world's largest media company may provide more clout and cash for overseas expansion. Last December, *Time* tested a new picture magazine, *Match*, in five major European cities, and in April, a 50,000-circulation *Fortune* will make its debut in Italy.

Warner, so far, contributes little to the magazine market, outside of publishing *Mad* and DC Comics. But it recently expanded with its 20 percent equity purchase in Horizon Communications, publishers of *VISTA*, the Hispanic weekly. Meanwhile, Whittle Communications, of which Time owns half, is embarking on a Hispanic project of its own.

Still, the two companies intend to keep their operations largely separate. Warner's chief executive, Steven J. Ross, and Time's chief executive, J. Richard Munro, will serve as co-chief executives. Initial plans call for consolidation of Time's cable unit with Warner Cable; and Warner's small publishing unit will be folded into Time's book groups.—*Jan Jaben*

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Fair economic picture won't boost magazines

Publishers will have to adjust to slow growth, says economist

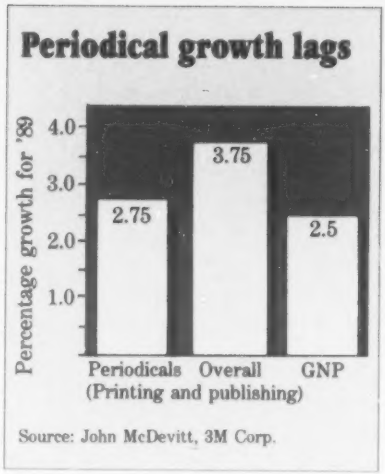
San Juan, Puerto Rico—The rest of this year promises slow but steady growth for the economy—particularly on the manufacturing side—but don't expect more than a so-so year for magazine advertising, says John J. McDevitt, corporate economist for 3M Corporation.

Overall, manufacturing output grew about 5.5 percent last year, and will slow to a still-respectable 3.9 percent this year, McDevitt told business publishers at the winter meeting of the Association of Area Business Publishers. But a recession isn't in sight, he says, "because we're now an export-oriented economy." Fully half of last year's productivity growth, he claims, is due to exports; and that picture will continue to brighten as the dollar declines abroad and as consumer spending grows faster overseas than here.

But the stronger growth in industry won't automatically translate to an equivalent growth in print ad expenditures, he warns. "As manufacturing growth remains high, so will advertising," he says, "but the share of advertising in print will decline from about 52 percent to 50 percent."

One reason, he says, is that industry is keeping a wary eye on the possible changes in ad deductibility. "If [Congress] allows 80 percent of the costs to be deducted [instead of 100 percent], obviously, there may be changes in total advertising expenditure and the composition of spending." That, he says, could translate into more point-of-purchase spending and sponsorships, as well as growth in other nonprint promotions. And, he says, although no law changes are expected this year, "certainly by 1990 there will probably be some changes in deductibility, and 80 percent seems to be an interesting number to look at."

As for this year, however, publishers should look for ad sales opportunities in the second half, due to an expected industry slowdown during the later months. "If industries don't meet their sales forecasts," he says, "they'll be increasing ad dollars to shake loose consumer spending in the second half."



***Strong growth in books and cards** will push overall printing and publishing ahead of periodicals.*

Overall, McDevitt notes, the printing and publishing industry will grow faster this year than the Gross National Product—about 3.75 percent, close to the same rate expected for manufacturing. But the fastest growth will be among books and greeting cards; periodicals are expected to grow only 2.75 percent.

"Certainly, slower [overall economic] growth in '89 will mean slower spending for advertising," says McDevitt. "But if you take a look at short-term growth—over the next five years—periodicals should be moving at the same level of industrial production, close to 3 percent."

In addition, he says, magazines will still grow faster than the GNP, which McDevitt expects to rise 2.5 percent this year. Trade and technical titles, in particular, are fueling growth by exporting themselves overseas, he notes. "The U.S. has become a major source of leading-edge technology, and if individuals [abroad] want to maintain knowledge of technology, they will get it through U.S. publications."

In all, he says, "there's no recession, but there's no boom either. Growth will be about 2.5 percent for the U.S., 3 percent outside the U.S. We will all have to learn to manage businesses in a slow-growth economy."

To keep growing, he adds, publishers will need a "constant interjection of new periodicals, or new sections within a periodical, to reflect the changing needs of their audiences. Magazines should be looking for new needs of their readers and finding new applications for existing sections."—*D.C.*

Copy veteran advises on copywriting that sells

Start thinking like your prospect, states copywriter who helped launch 24 titles

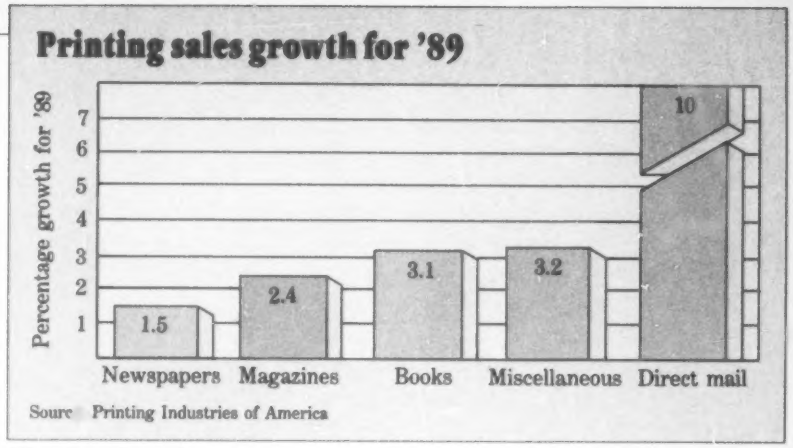
New York City—Copywriting, notes successful freelance magazine copywriter Bill Jayme, "is the ability to get out of your own mind and into somebody else's. Actors have it. So do psychiatrists, teachers and mediums. Look for it in the copywriters you hire and in their copy."

Jayme, who has helped launch over two dozen magazines in the last 15 years, including *Bon Appetit*, *New York* and *Food & Wine*, offered the following observations during the recent Circulation Day in New York:

• Outer envelopes sell. A well-de-

***Good copy should "think,"** look and sound like the product you're marketing, says Bill Jayme.*

Magazine printers expect slow year



***Direct mail printing sales growth** will tower over all other printing sales growth, reaching about $50 billion this year.*

Arlington, Va.—Magazine printing sales will lag slightly behind overall national economic growth for 1989, according to the predictions of the Printing Industries of America (PIA).

Printing sales to the publishing industry in general will climb 2.2 percent, compared to the 2.5 percent growth rate expected for this year's Gross National Product, according to Ron Davis, PIA's chief economist and research director. Magazine printing sales will increase 2.4 percent, from $18.6 billion in 1988 to $19.5 billion this year.

This reflects the printing industry's less-than-optimistic expectations for growth within the magazine business itself. "The magazine publishing industry grew fairly rapidly the last few years," says Davis. "It's difficult to get venture capital to start new magazines these days. The industry is still going to grow, but not as much as it has been."

Newspaper printing sales are expected to be even more sluggish, at 1.5 percent. Davis reasons that the newspaper industry is mature and that advertising and circulation figures have remained, on average, stagnant for several few years.

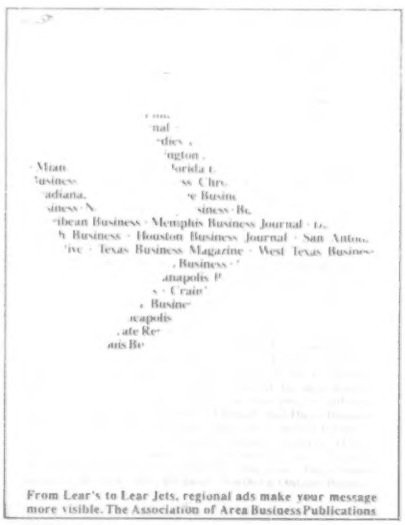
Meanwhile, book printing sales are expected to grow 3.1 percent and miscellaneous publishing sales (journals and small newsletters) should increase 3.2 percent.

The boom will be in commercial printing sales, including direct mail, which should increase by more than 10 percent to about $50 billion for 1989, according to PIA predictions.

The figures have been adjusted for price increases based on the PIA's estimate for economic growth.

The PIA also expects over-capacity in the printing industry to continue.—*K.S.*

Regional publishers start ad campaign



***AABP trade ads** will run just as media buyers begin seasonal planning.*

Washington, D.C.—The Association of Area Business Publications (AABP) is embarking on its largest campaign yet to promote its 94 regional member titles to national advertisers.

The group has put together full-page ads to run in *Adweek* and *Advertising Age*, as well as in space donated by member publications. Each ad shows a silhouette of a watch, jet or telephone, set against a backdrop of the names of AABP member titles. "From Rolexes to Rolodexes," reads one tagline, "regional ads make your message more visible."

The campaign will run in the spring and fall, "to make a strong impact at the right time," says a spokesperson. "We want to hit at the time when people do their spring and fall planning." The ads were created by New York agency Goldsmith, Jeffrey.

A brochure will also be spun off from the ad campaign, featuring the full list of AABP members and their rates, demographics of regional business subscribers, and a list of national advertisers. The brochure will be mailed to the AABP agency list, and will also be available to member titles.

To give its members greater publicity, the association is also considering the creation of a public relations service, designed to place articles from member publications on national or regional newswires. A news story from a New Jersey magazine, for example, could be released through the AABP to radio stations and newswires in the New York, New Jersey and Connecticut tri-state area.

"There is a direct correlation between this kind of service and mentions [in the press]," says Gloria Scoby, publisher of *Crain's Chicago Business* and AABP vice president of marketing. "*Crain's New York Business* never had mentions until it hired a PR guy to send the stories to the wires or stations." Some radio stations, she notes, now expect and wait for *Crain's* stories to appear on the newswire.

To use the service, members would send stories to the AABP's publicity person, who would place them on the wire. The cost, which might range from $120 to $140 per story, would be split between the publisher and the AABP, Scoby says.

"This would have tremendous value," says AABP executive director Lewis Conn. "In the past, we had made some efforts at public relations to elevate the association itself, but we didn't feel it was cost-effective."

The AABP's board of directors, he adds, will further discuss the service during its spring meeting.—*D.C.*

Moving up with the times

Market pressures have created opportunities for promotion directors willing to become leaders, 'intrapreneurs' and aggressive salespeople

A few months back, a conclave of some 20 sales support people listened glassy eyed to a lecture on ad rates as a strategic promotion weapon.

At the end, the lecturer asked how many of the attendees were actually involved in rate setting. Three hands went up.

He asked how many wanted to be. Three hands went up.

Hey folks! The train is leaving and you're not on it.

The pressures of today's marketplace have defined new opportunities in the sales support areas creating new job descriptions, greater responsibilities and bigger paychecks for promotion people.

The new title and function is Marketing Director, and—at its most elevated status—represents a peer relationship with the ad director and a place at the right hand of the publisher.

Originally, this job evolved from sales management's frustration with the inability or unwillingness of promotion people to fulfill their sales service function. It gathered within its domain all the tactical sales weaponry, including applied research, presentation development and target selling. The chair was often occupied by an ex-sales manager on his way up or way out.

More recently, Time Inc. has used the assignment as a post-post graduate school for MBAs and other groomees on the theory that intelligence and professional discipline outweigh experience as job prerequisites.

But the new news is that people with sales support backgrounds are now filling more of these jobs and taking a proactive role in shaping their magazine's advertising marketing policies.

In a large sense, the market has created the opportunity. In response to intense competitive pressure, publishers really have three points of leverage—ad rates, positions and merchandising. They are content to leave position packages in the hands of street salespeople, but they recognize the strategic nature of rate setting and "added value" programs, and are asking for more carefully developed, long range thinking.

Rates are the most critical consideration. Off-card deals and lowest-bidder competitions have devastated once substantial profit margins. Sometimes it seems publishers are selling pages at a loss, hoping to make it up in volume. But they also recognize the desperate need to shore up revenue per page—and the need to regain control of their own destinies.

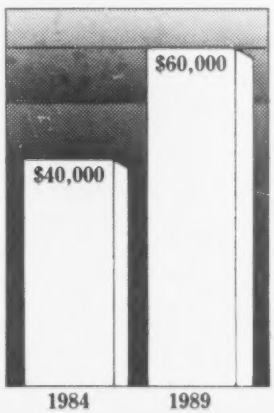
Promotion/marketing to the rescue

Traditionally, magazine rates have been set by the ad director with a simple, across the board percent increase determined by calling around and seeing what the other guys were going to do. The percentage tended to fall toward the lowest common denominator.

That was then—this is now. Stronger books can help themselves to bigger servings—and that has happened this year. And all publishers can look inside their cards for revenue enhancement opportunities.

The marketing director's role is to replace yesterday's simplistic approach to rate setting with a rational, information-based, long-view strategy. The first step is a description of the magazine's advertising configuration: How many of each unit in each coloration at each discount level are now in the advertising mix and what revenue

Bigger paychecks for sales support people



Walter Joyce is a consultant to publishers in the areas of marketing and promotion. Joyce had been senior vice president for promotion at Playboy, *and has served as promotion director of* The Saturday Evening Post, Psychology Today, Careers Today *and* Fortune.

***Just a few years ago**, the once prestigious promotion function had fallen to a totally service staus: Promotion managers got about $40,000 a year. The good news is that senior salaries are now $60,000 and more.*

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does each produce? With this data, computerized, it is a simple matter to play out the "what if?" options for every space unit and instantly record the bottom line impact. McNamee Consulting in New York has a simple computer model for this process, and there are certainly others available.

Better positioned

The marketing director's somewhat detached perspective is valuable to his publisher. The marketing director is better positioned to understand that rate incentives are not customer rewards, but are devices to encourage behavior the publisher wants, and to design them accordingly. The marketing director, not having to listen to advertiser screams of anguish and anger, is better able to insist on the highest feasible rate increases, knowing that a rate hike not taken is forever lost and its negative effect compounded every year into the future. More is always better.

The most successful sales support people will be those who have successfully immersed themselves in advertising rate structures and rate strategies and so become the publisher's closest adviser where it matters most—at the point where the money comes in. And they will also develop a sensitivity to the real world of the street where salespeople live.

If rate strategies are one leverage point at which support people can play a major role, merchandising—"added value" programs—are even closer to home.

> "The marketing director, not having to listen to screams of anguish and anger, is better able to insist on the highest feasible rate increases."

More and more advertisers are asking, "What else are you going to do for me?" Some still mean, "How many television sets do I get?" That's bribery. But increasingly, and happily, many mean, "What value can you add to our advertising in your magazine to intensify its impact?" That's merchandising.

Promotion people must be the keeper of the keys. But it's not enough to say "no" to television sets. Promotion people must be the proponents of merchandising, the generators of ideas, the creators and executors of merchandising programs.

An effective merchandising program also requires that promotion people learn to sell. They must sell the value of legitimate merchandising to their own sales staff. They must persuade salespeople that they are a valuable asset on client calls, that they add a dimension of expertise that reinforces the decision to buy.

This new role requires the building of sales skills, the most important of which is the ability to listen well. The first call is devoted to gathering information:

- What are the advertiser's merchandising objectives?
- What is the target audience?
- What are the time frames?
- What are the legal considerations?
- Will the advertiser provide additional funding?

The promotion person will then put on a creative hat to develop a tailored program that, hopefully, puts together already existing elements in an innovative manner (don't reinvent the wheel every time out).

The second call is the sell-in to the program. And then comes client service. Communicate, communicate, communicate. To the client. With your own salespeople. Sell your success.

Mastery of sales skills puts promotion people on a whole new level and substantially increases their cash value.

All the new skills also come into play in another area of growing importance and opportunity. Promotion people can take the lead role in creating, packaging, pricing and selling account specific special sections and other print spectaculars. Sometimes the impetus will come from the client—witness Carillon Ltd.'s carols and snowflakes for Absolut. But, for Grand Marnier, also out of Carillon, *Food & Wine*'s marketing department created a 24-page section with a scent strip and a bottle pop-up.

Promotion people must also assume a leadership role in the marketing direction of their properties. The

key to a proactive leadership role is the development of marketing plans to which all parties subscribe. Any deviation must then be defended in the context of the plan's objectives.

Usually, the plan will have two basic parts—a sales plan with category by category page goals and a promotion plan that parallels and supports the sales plan.

Some sales managements resist the planning process or give it the back of their hands. Their notion of an objective is x number of pages. If that really were the objective, then the obvious strategy would be to reduce ad rates to $1 a page or less—you'll get all the volume you can handle.

Promotion people are positioned for the longer view. Unpressured by quotas and weekly or monthly closing dates, they can set down the strategic objectives from which tactical goals—*i.e.*, pages, will naturally result. Their relative detachment better equips good promotion people to articulate their magazine's positioning, point its directions and allocate its resources.

It's work. It demands zero base thinking. It forces promotion people to see themselves as carpenters rather than decorators.

Planning is essential for effective management, but has a personal payoff for support people as well. Once a marketing plan is down hard and fast on paper with dollars specifically allocated, the threat of frustrating and destructive budget diversions is reduced. Support people can then have more control over the destinies of their programs.

> "Some sales managements resist the planning process or give it the back of their hands."

But it won't happen by itself. To be taken seriously as the shapers of sales strategy, people must redefine themselves as leaders, as "intrapreneurs," as aggressive salespeople of their own programs. The payoff is a higher hierarchal rank and greater job satisfaction.

And more money.

Sales support salaries are currently on the rise. Just a few years ago, the once prestigious promotion function had fallen to a reactive, totally service (read "servant") status. Promotion managers, who weren't really managers, got about $40,000 a year. The good news is that senior salaries are now $60,000 and more.

Maybe more significantly, promotion directors and marketing directors often now qualify for performance bonuses, usually an override on overall sales performance. This represents management recognition of promotion's proactive contribution to the sales effort.

The rewards are going to those who have developed the skills to justify them, those who recognize that the closer they stand to where the money comes in, the more of it will stick to their own fingers.

Who wants more money? Let's see those hands.□

TECH TRENDS—Covering desktop & pre-press advances in magazine publishing.

The May issue of FOLIO: will start a monthly peek into the very near future to see how work patterns will change as a result of desktop publishing and pre-press technology. As magazines throughout the industry adopt this powerful tool, the question of whether one should buy a desktop publishing system shifts to which system to embrace, and what software to buy.

Also coming in the May issue is...

- Literature Showcase
- Breakthroughs in circulation promotion

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